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HEADLINE: LAWYERS SAY LIBERTY LOBBY CAN'T PAY UP
BY: JEFF HARDY
DATELINE: MIAMI

A federal judge today was expected to decide whether Liberty Lobby developed a ''sham corporation'' to keep from paying up if it loses a libel suit filed against its weekly tabloid by Watergate conspirator E. Howard Hunt.

Attorneys Kevin Dunne and William Snyder said Thursday the Committee to Defend Liberty Lobby fund was set up by the right-wing, Washington-based company to solicit donations for its defense, but the funds were used as ''co-mingled money.'' U.S. District Judge James W. Kehoe said he would rule on the matter after evidence is presented today.

This is Hunt's second libel suit against The Spotlight. He was awarded $650,000 by a jury in the first trial, but an appeals court ordered a new trial because the judge's instructions to the jury were flawed.

Dunne said the defense fund was formed because of the last trial so money could be diverted to the defense fund instead of going to Liberty Lobby. That way money sent to CDLL could not be considered as part of the company's net worth, he said.

''In February 1982, after the $650,000 judgement they sent out a mailer asking people not to send money to them, send it to the Committee to Defend Liberty Lobby,'' said Dunne. ''Howard Hunt will not get his money and since that time they have acquired assets worth $1.5 million.''

He said there was evidence to prove the defense fund used its money to pay Liberty Lobby bills even though the fund was set up as a legal defense war chest.

''This is a sham corporation,'' said Dunne.

Liberty Lobby attorney Mark Lane said the company gave an accurate report of its assets to Dunne and Snyder before the trial. He said the defense fund was set up to help with the trial because the company has been operating in the red.

''The Committee to Defend Liberty Lobby is a separate entity set up solely to defend the company,'' he said.

Hunt, 66, charged the tabloid with libel for an Aug. 14, 1978 story that said he was involved in the asassination of President John F. Kennedy.

Hunt, who worked as a special investigator in the Nixon administration, was a CIA agent at the time of Kennedy's assassination. Spotlight Managing Editor James P. Tucker says the article was done to warn Hunt the CIA was trying to make him a ''sacrificial lamb'' in Kennedy's death.

A CIA secretary testified Thursday that Hunt was at work in Washington the day Kennedy was killed. Hunt's secretary Connie Hicks Mazerov said she had ''absolutely no doubt'' he was in Washington the morning of Nov. 22, 1963 -- the day Kennedy was shot -- and left early in the afternoon.

The Spotlight article said a CIA memo indicated Hunt was in Dallas when Kennedy was shot. It also alleged Hunt was disguised as one of three ''bums'' who were questioned by Dallas police the day Kennedy died.

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